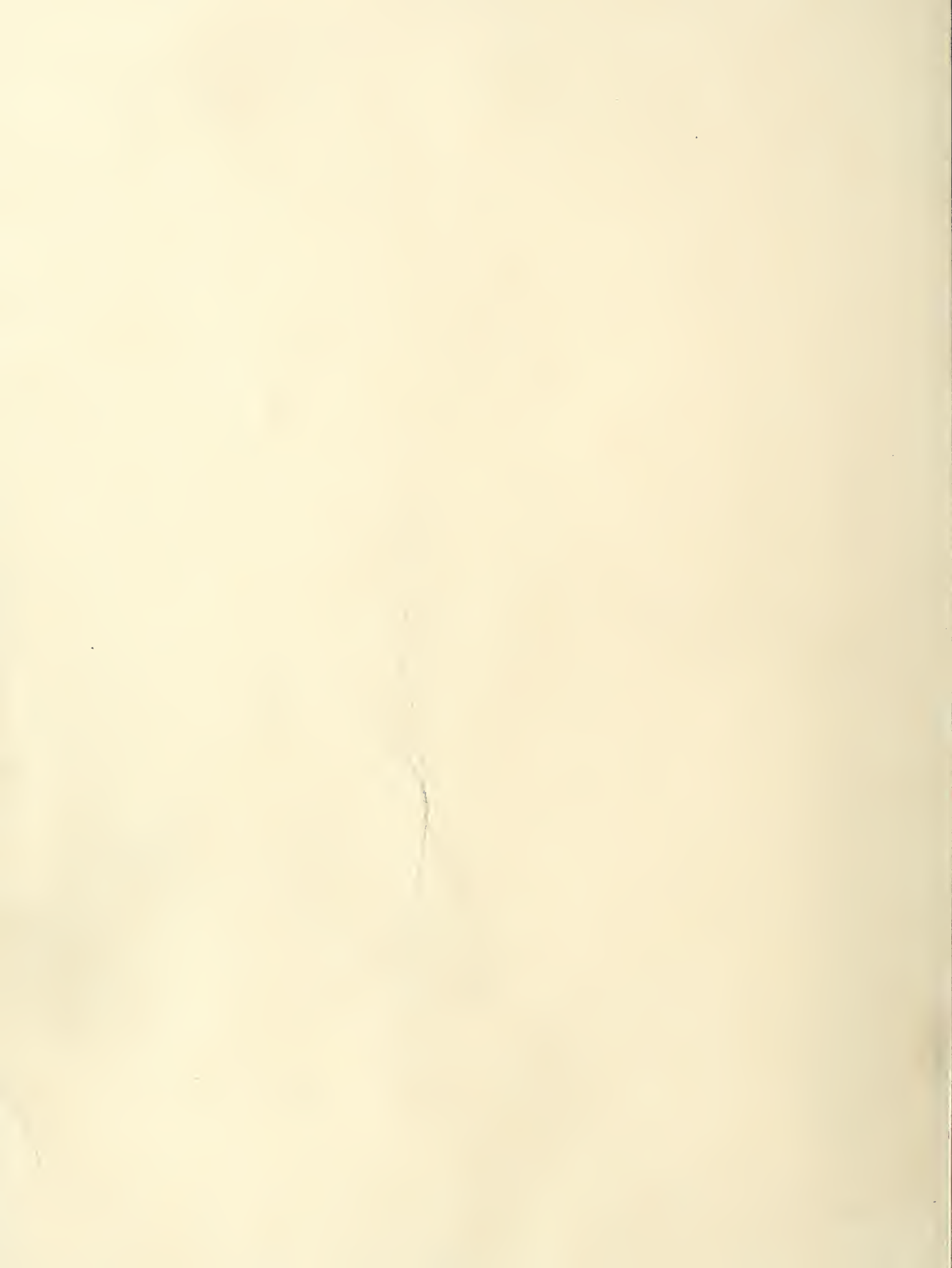
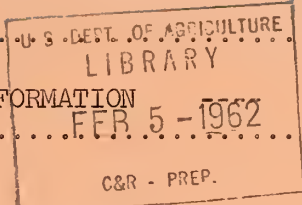


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HIGHLIGHTS OF CCC'S OPERATIONS

The Commodity Credit Corporation (CCC), an agency of the U. S. Department of Agriculture, approves and finances specific price support and related activities within the overall authority of controlling legislation.

CCC is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and serves as chairman of the board. The board consists of six members (in addition to the Secretary of Agriculture), who are appointed by the President of the United States.

The Corporation has no operating personnel, its programs being carried out primarily through the personnel and facilities of the Agricultural Stabilization and Conservation Service of the Department.

The Commodity Credit Corporation was originally established in 1933, under the laws of the State of Delaware. During the early years, CCC was managed and operated in close affiliation with the Reconstruction Finance Corporation, but on July 1, 1939, it was transferred to and made a part of the Department of Agriculture.

In the summer of 1948, the Commodity Credit Corporation Charter Act dissolved CCC's Delaware charter and provided a permanent Federal charter. In June of 1949, the Federal charter was amended in several important respects, and there have been subsequent amendments.

The Charter Act, as amended, gives CCC broad powers. It is empowered to support prices of agricultural commodities through loans, purchases,

payments, and other operations. Among other things, it can dispose of surplus commodities, acquired under price support activities, through sales (for dollars or foreign currencies); transfers to other Government agencies; barter; and donations. It can buy materials and facilities -- such as grain bins or grain driers -- as needed for production or marketing.

CCC's financial resources have been kept abreast of its responsibilities. The original capital of the Corporation in 1933 was only \$3,000,000, and there was no specific borrowing authority. Today, the capitalization is \$100,000,000 and the Corporation has, in addition, authority to borrow up to \$14,500,000,000.

The Corporation's charter requires it to make as full use of private trade facilities as practicable in the conduct of its affairs. Accordingly, the agency utilizes the services of banks, warehousemen, domestic and ocean carriers, processors, handlers, cooperative associations, and exporters in carrying out its programs. CCC adapts its operations wherever feasible to established trade customs and practices. It carries on its day-to-day dealings with trade elements much as would a commercial corporation conducting a commercial-type business.

CCC carries on several activities, including the price-support, commodity stabilization, storage-facilities, supply and foreign purchase, commodity export, and surplus sales and distribution programs. In terms of impact on the national economy, the most important of these are the price-support and commodity stabilization programs. CCC also handles certain financing and operating functions in connection with the International Wheat Agreement and export sales for foreign currencies.

Price support was mandatory in 1961 for corn, oats, rye, barley, grain sorghum, wheat, cotton, rice, most types of tobacco, peanuts, milk, butterfat, wool, mohair, tung nuts, and honey. Also supported under permissive provisions

of the price law were flaxseed, soybeans, cottonseed, dry edible beans, and crude pine gum.

CCC acquires large volumes of surplus commodities in carrying out its price support commitments -- some through direct purchases, and more through taking over commodities which have been deposited by farmers as collateral for non-recourse loans.

As of June 30, 1961, CCC's investment in price-support loans and commodity inventories totaled \$7,038,723,000. Loans outstanding approximated \$1,475,390,000, the major items under loan being corn, tobacco, and wheat. Inventories held by CCC had an acquisition cost value of \$5,563,332,512, a large part of which was represented by wheat, corn, grain sorghum, and cotton.

Commodities acquired under the price-support program are moved into consumption in various ways. Some are sold -- both in domestic and foreign trade channels. Some are transferred to other Government agencies for such uses as food for the armed forces and for veterans hospitals, and foreign relief programs. Some are bartered for strategic and critical materials produced abroad. Substantial quantities of perishable commodities have been donated to school lunch programs and, through approved welfare organizations, to needy people in the United States and foreign countries. Commodities disposed of over the 8-year period from July 1, 1953, through June 30, 1961, had a cost value of \$24,215,600,000.

CCC's inventory stocks make necessary extensive storage operations. In general, three kinds of storage are used. First, the Corporation makes maximum use of regular commercial facilities in handling the storage of its commodities. It also helps farmers expand their own on-farm space through special facility loans, which run for five years at four percent interest. Finally, CCC provides its own supplemental facilities to store inventory holdings, chiefly wheat and other grains, when commercial space is not adequate.

CCC owns special storage bins with a total capacity of about 982 million bushels. These bins are located on bin-sites throughout the grain producing areas and are used primarily to store corn. Idle Maritime Administration ships on both the East and West Coasts are also used to provide supplemental storage for CCC-owned wheat. In October 1961, CCC was storing 30.5 million bushels of wheat in such ships. During recent years, nearly 600 million bushels of additional on-farm space has been acquired by producers with the aid of CCC farm storage loans.

To help farmers maintain their income from crops for which large temporary cuts in production are desired because of huge carryover stocks already in storage, CCC was authorized by emergency legislation in March 1961 to make diversion payments to farmers who agreed to help stabilize production by reducing their 1961 acreages of corn or grain sorghum and devoting the diverted acres to conservation uses. Payments, either in kind or in cash at the producer's option, are based on the county support rate for the commodity applied to a percentage of normal production on the diverted acres.

The Agricultural Act of 1961 (approved Aug. 8, 1961) authorized extension of the program to the 1962 crops of grain sorghum and corn for grain, and broadened the program to include barley. It also provided a 1-year program for wheat. Stabilization payments will be made to wheat producers who in addition to complying with smaller wheat allotments than in 1961 put the diverted acres into approved conservation uses.

The International Wheat Agreement Act vests implementation of United States membership in the Agreement in the Commodity Credit Corporation. CCC is authorized to pay the cost, on a reimbursable basis, of Agreement operations.

The overall objective of the Wheat Agreement is to assure markets for exporting countries, such as the United States, and supplies for importing countries at prices which are fair to both. Maximum and minimum prices are set by the Agreement, and buyers and sellers negotiate sales prices within these limits.

During the 1960-61 Agreement year (August through July), 130 million bushels of wheat and wheat equivalent in flour were registered for shipment from the United States under the Agreement. Differential payments, to cover the difference between domestic price levels and sales prices under the International Wheat Agreement, averaged about 57 cents a bushel that year.

A number of other special assignments have been handled by CCC during the years since its establishment. These have included purchases for Lend-Lease and armed services supply during World War II. At one time at the height of the War, this kind of procurement averaged over seven million dollars' worth of farm products a day. Another type of special service involved the payment of more than two billion dollars in subsidies during the war years to assure producers fair returns while holding price ceilings established by the Office of Price Administration.

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